

C mmunity *Liaison*

Volume No. 2001-03

June 2001

New Orleans Thrift Expands its Community Banking

Develops Innovative Partnership with One of America's Leading Oil Companies

Dryades Savings Bank, FSB, (Dryades) is a federally chartered, minority-owned and operated financial institution with a main office and six branches serving Greater New Orleans, Metairie, Kenner, Gretna, and Algiers, Louisiana. Founded in 1994, Dryades Savings Bank, FSB, is a \$105 million, full-service thrift that is committed to community and neighborhood banking throughout metropolitan New Orleans. Dryades is also a Community Development Financial Institution, as designated by the CDFI Fund at the Department of the Treasury. Dryades recently formed a unique and beneficial partnership with Shell Oil Company (Shell) in an effort to expand Dryades' lending capacity to qualified minority and women owned businesses. Through the Shell Community Banking Initiative, Dryades will endeavor to expand business development lending in its market, resulting in new jobs and community development in and around New Orleans.

The Shell Community Banking Initiative was established in February 1998 to help address the social and

economic needs in underserved communities where Shell and its affiliates have a significant operating presence. From Shell's perspective, growth in sales of products and services depends on the health of the communities served. The objectives of the Community Banking Initiative are four-fold:

- ◆ To provide meaningful financial resources to stimulate the creation and or expansion of minority and women-owned businesses and the financial institutions that serve them
- ◆ Create a positive impact on the economically underserved segments of these communities through the creation of jobs, ownership/expansion of small businesses, construction/refurbishment of affordable housing, and other forms of development
- ◆ Promote Shell as a proactive community business partner
- ◆ Stimulate new customer/business growth opportunities for Shell

Shell has recognized that the demographics of its markets are changing and that the supplier base for goods and services will likely be dominated by small businesses, many of which will be owned by minorities and women. According to Shell, the Community Banking Initiative makes good sense from a corporate perspective. By supporting minority and women owned businesses with necessary capital, those businesses become bigger and stronger, economic development occurs, and the purchasing power of the community and the individuals within it increases.

Community Liaison

*is produced by the
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552*

*To be placed on the mailing list
or to receive additional copies
please call your local
Community Affairs Liaison
(see page 2)*

OTS Community Affairs Staff

Northeast Region

Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, Pennsylvania, New York, West Virginia, Delaware, & New Jersey

Francis Baffour, Community Affairs Liaison (201) 413-7343 – Ph.
Wendy Pelle, Community Affairs Specialist (201) 413-7509 – Ph.
U.S. Department of the Treasury (201) 413-7520 – Fax
Office of Thrift Supervision
10 Exchange Place, 18th Floor
Jersey City, New Jersey 07302

Southeast Region

Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, Maryland, Washington, D.C., Puerto Rico, & Virgin Islands

Lynn Bedard, Community Affairs Liaison (404) 888-8443 – Ph.
Kim Lucas, Community Affairs Specialist (404) 888-8532 – Ph.
U.S. Department of the Treasury (404) 897-1861 – Fax
Office of Thrift Supervision
1475 Peachtree Street, N.E.
Atlanta, Georgia 30309

Central Region

Illinois, Indiana, Wisconsin, Ohio, Michigan, Kentucky, & Tennessee

Claude Becker, Community Affairs Liaison (312) 917-5022 – Ph.
Bruce Derbigny, Community Affairs Specialist (312) 917-5066 – Ph.
U.S. Department of the Treasury (312) 917-5001 – Fax
Office of Thrift Supervision
1 South Wacker Drive
Suite 2000
Chicago, Illinois 60606

Midwest Region

North Dakota, South Dakota, Minnesota, Iowa, Nebraska, Colorado, Kansas, Missouri, New Mexico, Oklahoma, Arkansas, Mississippi, Texas, & Louisiana

Aaron Satterthwaite, Jr., Community Affairs Liaison (972) 277-9569 – Ph.
Jason Sweat, Community Affairs Specialist (972) 277-9570 – Ph.
U.S. Department of the Treasury (972) 277-9563 – Fax
Office of Thrift Supervision
225 E. John Carpenter Freeway, Suite 500
Irving, Texas 75062-2326

West Region

Washington, Montana, Oregon, Idaho, Wyoming, California, Nevada, Utah, Arizona, Alaska, Hawaii, & Guam

James Woods, Community Affairs Liaison (415) 616-1551 – Ph.
U.S. Department of the Treasury (415) 616-1752 – Fax
Office of Thrift Supervision
1 Montgomery Street, Suite 400
San Francisco, California 94104

Marie Friederichs, Community Affairs Specialist (206) 553-5469 – Ph.
U.S. Department of the Treasury (206) 553-5475 – Fax
Office of Thrift Supervision
101 Stewart Street, Suite 1210
Seattle, Washington 98101

Washington, D.C.

Sonja White, National Coordinator (202) 906-7857 – Ph.
Villa Mills, National Community Affairs Liaison (202) 906-7020 – Ph.
Louise Batdorf, Program Analyst II (202) 906-7087 – Ph.
U.S. Department of the Treasury (202) 906-6326 – Fax
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D. C. 20552

As the purchasing power in the community increases and Shell is viewed as a partner in the building momentum for that increase, public perception of the Shell brand is enhanced.

Under this initiative, Shell has established minority credit and deposit programs, and it has worked to form relationships with minority and women owned banks within its major market areas. Besides looking at financial strength, credit policies, and lending platform when selecting its partner financial institutions, Shell also looks for institutions that are engaged in providing community development loans in economically underserved areas.

As part of its initiative with participating banks, Shell will make a \$250,000 passive preferred stock investment in each selected bank, deposit \$1 million in an interest bearing account at the institution, and make up to \$7.5 million available through each bank to purchase participation interests (up to 40%) in community development loans. Shell has also arranged a \$60 million credit facility with 39 minority owned banks and has established a \$5 million CD program with 55 minority owned banks.

In time, the Community Banking program is expected to become self-sustaining. After participating financial institutions screen loan applicants and perform the credit analysis, a credit committee at Shell reviews each loan application. If Shell opts to participate, it funds up to 40% of the loan and the bank originates and services the loan. Shell's participation allows deals that might otherwise exceed an institution's lending limit. As each loan is repaid, funds can be recycled into new loans. Operating costs are funded by loan fees, interest income, and equity investments.

Currently, Shell has relationships with four participating banks: Dryades Savings Bank in New Orleans, Founders National Bank of Los Angeles, Unity National Bank in Houston and the Adams National Bank in Washington DC. Community development loans made under the program to date total approximately \$7.2 million of an aggregate \$24 million in total community development financing.

"We compliment Shell Oil Company for having brought forward this initiative," said Dryades President and CEO Virgil Robinson, Jr. "It is very exemplary of a true partnership, which will, at the end of the day, have a real impact on real people. We are excited to be a part of this initiative. It fits into our mission and business philosophy."

Community *Liaison*

Editors: Sonja White
Marie Friederichs

Production: Rick Shacklette

Printing: John Scott

“We are extremely grateful to Shell for its support,” said Dryades Chairman Charles C. Teamer. “The Shell initiative will assist Dryades Savings Bank in continuing our efforts to make our community a better place for all its citizens.”

“We are very excited about this partnership between Shell and Dryades Savings Bank, and the incredible potential it has for creating jobs and economic opportunity for local residents,” said New Orleans Mayor Marc Morial. “The city welcomes and supports this initiative because it targets a critical need - generating more retail and service business to serve our inner city residents. That means a better quality of life for us all.”

The Community Banking Initiative is more than just a “feel-good” program. Loans are made at market rates and with sound underwriting judgment, and Shell receives a dividend on its equity investment in the banks. “Money is not being given away under the program. Shell expects a return on its investment and hopes to make a difference in educating entrepreneurs about the system of capitalism that we live and work under,” says Ron Leftwich, Treasurer of Shell Oil ■

For more information please contact Cindy Deere, Director of Community Banking at Shell at (713) 241-9797, or Virgil Robinson, Jr., President and CEO of Dryades Savings Bank at (504) 581-5891.



Speaking in Tongues

Looking for multilingual resources for your customers? Check out the following: *Looking for the Best Mortgage: Shop, Compare, Negotiate*, the popular brochure published by the federal Interagency Task Force on Fair Lending, is now available in Spanish. Single printed copies of *Buscando la hipoteca más favorable: Compare, Verifique, Negocie* are available free of charge from: Publications, Office of Thrift Supervision, 1700 G Street, NW, Washington, DC 20552, 202-906-6410 (OTS Publications Hotline). The brochure and worksheet can also be printed from OTS's web site at www.ots.treas.gov or from www.consumer.gov. Printed copies of the brochure also are available at 50 cents per copy from Federal

Consumer Information Center, Pueblo, CO 81009 or from the center's web site at <http://www.pueblo.gsa.gov>.

The Fannie Mae Foundation now offers its four mortgage and credit guides in up to nine languages. The Mortgage Guide is available in English and Spanish. The Credit Guide is available in English, Chinese, Korean, Vietnamese and Spanish. The Home-Buying Guide and the Borrowing Basics Guide are available in English, Chinese, Spanish, Korean, Polish, Russian, Vietnamese, Haitian-Creole and Portuguese. Each of the four no cost guides can be downloaded for printing at www.fanniemae.foundation.org, ordered on line, or ordered by calling 1-800-611-9566 (1-800-792-7300 for the Borrowing Basics Guide).

Consumer Action, a consumer education and advocacy organization located in San Francisco, CA, offers over 90 consumer publications in more than seven languages, including English, Spanish, Chinese, Korean, Vietnamese, Russian, and various others depending on the publication. In conjunction with the Bank of America Consumer Education Fund, Consumer Action has released four new banking publications on fraud. Subjects include credit card fraud, credit repair scams, identity theft and home equity loan fraud. Copies of each brochure are available at no cost to non profit organizations. These and other related brochures can be printed or downloaded from www.consumer-action.org. For more information, see their web site or call 415-777-9648.

Creating Homeownership Opportunities For New Americans

Reaching the Immigrant Market: Creating Homeownership Opportunities for New Americans is the title of a recently released publication by the Fannie Mae Foundation and the Georgetown University Institute for the Study of International Migration. According to the research contained in this publication, immigrants are a large and growing market segment of potential first-time homebuyers and certainly one that warrants consideration by those in the home lending arena.

Look at the statistics:

- Every year approximately one million new immigrants are added to the 30 million immigrants already in the United States.
- Latin Americans and Asians make up the vast majority of the immigrant population.
- While immigrants are concentrated in six states (California, New York, Florida, Texas, New Jersey and Illinois), significant growth in new immigrant populations is occurring in the South, mid-west and West, with newcomers now choosing more rural areas to work and raise families.
- Immigrant households are projected to account for more than one-quarter of overall household growth.
- Immigrants are three times as likely as all adults to rank buying a home as their number one priority-yet they remain a largely untapped home buying market.

Recognizing the business opportunity that exists in this largely untapped market, this publication is aimed at helping financial institutions understand potential social, economic and cultural barriers, and devise ways to successfully and responsibly reach this market.

The publication looks at model practices in reaching the immigrant

market in terms of: resources for knowing who is in your community, networking within the immigrant communities, positioning your institution to do business with new immigrants, and effective partnership and marketing strategies. It explores the issues and often encountered problems in determining creditworthiness for new Americans and discusses strategies for dealing with undocumented income, pooled

household income, employment history (including job hopping and employment gaps), lack of a credit history, and verification of assets. This publication also highlights successful programs and products that may enable other financial institutions to reach lower income immigrants in their communities ■

For a copy of the publication, call 1-800-665-0012.

ChexSystems

A Call For Voluntary Industry Reform

Financial institutions spend large parts of their marketing dollars attracting new customers, often promoting their deposit products. Once a prospective customer has been enticed inside the door and applies for an account, the bank's new accounts representative follows standard industry practices and internal procedures to provide the appropriate account-related disclosures and to verify the identification of the applicant. In addition 80% of the financial institutions in this country contact ChexSystems to obtain verification information to aid in identifying customers who may have a history of account problems.

Such due diligence on the part of financial institutions is important in today's environment when the National Check Fraud Center estimates check fraud to be the fastest growing problem affecting the nation's financial system. But how often does the new accounts person turn away potentially good business simply because a customer's name has shown up on ChexSystems, sometimes due to a single event that may have happened as long ago as five years? According to some, it's an everyday occurrence and one that calls for reform in the banking industry.

What Is ChexSystems?

ChexSystems is a centralized network of member banks, thrifts, and credit unions that regularly contribute customer account experience information on checking and savings accounts to a central location. Information is shared among member institutions to help them assess the risk of opening new accounts. With more than 87,000 bank and credit union branches participating, ChexSystems is the most widely used new account application database in the United States. There is no question that the banking industry loses a substantial amount of money each year because of fraud and mismanagement of checking accounts. ChexSystems is a valuable resource in protecting banks from known offenders and is helpful in containing the level of losses, which are estimated at between \$600 million and

\$1 billion annually. ChexSystems, however, *does not* approve or decline new account openings. Each member financial institution sets its own internal policies on which it bases its decisions and standards for rejecting account applicants vary from bank to bank.

Members report the names of account holders whose accounts have experienced an unresolved loss or fraud. An estimated seven million names are currently on file. Each report submitted to ChexSystems remains on file for five years, unless the financial institution that filed the report requests its removal or ChexSystems becomes obligated to remove it under applicable law. ChexSystems is a consumer-reporting agency governed by the Fair Credit Reporting Act (FCRA), which is enforced by the Federal Trade Commission. Yet many people have never heard of ChexSystems and are unaware of the consequences of ending up in the database until they try to open a checking account and are turned down. Consumers may order a copy of their ChexSystems Report and are entitled to add a brief statement describing the disputed information in their file.

ChexSystems maintains a website (www.chexhelp.com) that provides information to consumers on its function and services. The website contains guidance that consumers may use to dispute information contained on their file. In addition, eFunds, the company responsible for maintaining the ChexSystems database, sponsors a banking literacy website, aboutchecking.com, that provides tools and resources related to opening and maintaining a checking account.

Are Financial Institutions Unnecessarily Turning Away Potentially Good Customers?

On August 1, 2000, the Wall Street Journal published an article that identified several real-life examples in which current industry practices resulted in low-risk customers not being served by the banking industry. Often these customers were denied accounts merely on the basis of their name being included in the database, with no differentiation being made by financial institutions between fraud, minor errors, resolved problems or circumstances beyond the applicant's control. The over reliance by banks and thrifts on ChexSystems has caused institutions to lose potentially good customers and has kept those individuals locked out of the banking systems for up to five years. In addition, many individuals denied an account based on a ChexSystems entry have been unaware of the five-year time limit; as a result, he or she may have been discouraged from applying for an account in the future. Without access to checking accounts, potential customers have been forced to use check-cashing services and to undergo the inconvenience of paying bills with money orders or cash. Spurred by the article, the Greenlining Institute, a San Francisco based community development advocacy group, issued a call for reform.

A Call for Reform

Beginning in August 2000, the Greenlining Institute, and the Federal Reserve Bank of San Francisco hosted a series of four meetings to discuss possible reform in the treatment of individuals reported to ChexSystems. A final meeting scheduled for October 2001 will focus on the outcomes of the initiative. Representatives from the OTS's San Francisco office and other banking agencies participated in these meetings, as did representatives from nine major financial institutions operating in California, including Bank of America, California Federal Bank, Washington Mutual Bank, and Citibank, the Federal Trade Commission, two media organizations, Operation Hope, Allen Temple Baptist Church, and eFunds. Among the issues raised during these meetings, was a discussion of potential best practices a financial institution could implement to reduce its dependence on ChexSystems data in its account opening decision making processes. All the financial institutions present agreed to consider changes based on these best practices, including: (1) training staff to use judgment in analyzing risk when opening accounts; (2) setting minimum limits to activate the use of ChexSystems; and (3) considering the possible nonpenalty of customers in which circumstances beyond their control, such as a prolonged medical illness, resulted in their being reported to ChexSystems.

What Financial Institutions Have Done Thus Far

Since the meetings began, all participating financial institutions, including three thrifts (Citibank, Washington Mutual Bank, and California Federal Bank), have announced that they are implementing positive changes in the way they utilize ChexSystems. In September 2000, Bank of America was the first financial institution to announce specific changes in its use of ChexSystems. Revised practices include:

1. Disregarding all ChexSystems entries greater than three years old, rather than the current five years, provided the entry is not fraud-related;
2. Disregarding all ChexSystems entries greater than one year old, if the consumer has repaid the debt;
3. Disregarding certain other ChexSystems entries if the consumer has repaid the debt and completes a course in financial responsibility;
4. Increasing the loss threshold for reporting customers from \$50 to \$100; and
5. Increasing the length of time a customer has to repay the debt.

During a December 2000 meeting, Bank of America reported that in the first two months under the revised standards, its new ChexSystems policies have resulted in approximately 1,800 ChexSystems "overrides." This allowed 1,800 individuals to open deposit accounts that would have been denied under the bank's former policies.

Other financial institutions echoed their support for reform. The three participating thrifts have instituted modifications to their use of ChexSystems, following the “Bank of America Model,” and have rolled out enhancements on a national or multi-regional basis. Dorothy Broadman, Senior Vice President at California Federal Bank (CalFed), which is headquartered in San Francisco, stated that, “CalFed originally became aware that ChexSystems presented barriers to our ability to reach more unbanked and underbanked customers when we launched our first IDA Savings Program in 1998. Even though some of these customers had previous difficulties managing a banking relationship, because of the financial literacy training and ongoing guidance provided by the nonprofit, we were able to waive the requirement for a ChexSystems review.”

The recent discussions caused CalFed to look further into the barriers its use of ChexSystems might be creating for low-and moderate-income individuals. “We reviewed the Best Practices developed by eFunds, the users’ group created by the parent company of ChexSystems, and compared our current policies against these recommended Best Practices.” In addition to increasing the negative balance threshold for reporting customer to ChexSystems from \$25 to \$100, CalFed will now remove customers from the ChexSystems database if the negative balance is repaid within 90 days (previously, repayment was required within 30 days) and will improve its overdraft notification process to include more visible language that explains how the institution uses ChexSystems and the consequences of being reported. Broadman also indicated that modifications to eFunds’ data system will result in greater flexibility and, because the thrift will have sufficient information to limit risk to acceptable levels, will allow deposit services to be offered to more customers.

“I am amazed at the speed in which the industry was able to come together, assess the problem, and mobilize the key people within the industry and work together for the common good of the community,” said Luis Sanchez, First Vice President at Washington Mutual Bank (WaMu). Beginning in December 2000, WaMu customers who were reported to ChexSystems for account abuse will be allowed to open a new account, provided that they can comply with the new internal changes implemented throughout its consumer banking centers.

Citibank has made changes to its policies and procedures as well. According to Robert Shoffner, Regional Manager for Citicorp in California and Nevada, Citibank is shortening the period of account review to two years, from the previous five years; reviewing the customer’s status after a one-year

period; and, increasing the level at which the institution reports account problems to ChexSystems to \$200 from the previous \$150.

Under its new policy, Citibank customers benefit from the increased threshold at which the institution reports accounts to ChexSystems. “We do not report customers until numerous attempts have been made by telephone and in writing regarding a problem with their account,” said Shoffner, “and they are provided many opportunities to bring their accounts to a current status before a report is submitted to ChexSystems.” Shoffner believes that these policy changes demonstrate the institution’s commitment to working with its customers on an individual basis to understand their unique circumstances.

What Financial Institutions Can Do

Increasing access to banking services across all income spectrums is a continuing challenge for financial institutions. The adoption of “best practices” for the use of ChexSystems data by the institutions participating in the California reform effort is expected to have broad impact on bank consumers across the country and help provide greater access to financial services. But it doesn’t end there. Beyond revising ChexSystems policies, it was agreed that various financial literacy commitments and enhanced consumer education efforts by banks and community-based organizations will strongly assist consumers in understanding the impact that nonpayment has on their financial “reputation.” As a first step, some institutions have revised their collection notices to warn consumers about the impact of nonpayment of debt and have begun efforts to advise consumers on actions they can take to clean up outstanding debt.

“Increasing access to banking services across all income spectrums is a continuing challenge for financial institutions.”

Recognizing that banks and financial institutions may be turning away business with a manageable risk is a definite incentive for management to revisit their internal accounts procedures and policies. ChexSystems and other similar databases can be effective tools in verifying and identifying potential risk during this process. Individuals responsible for establishing new accounts, however, should also inject common sense when using these tools and look at the overall risk factors of potential customers. Revising new accounts policies to provide more flexible criteria for opening new accounts will help provide all Americans, including underserved low- and moderate-income and minority individuals and communities, with expanded access to basic financial services ■

For additional information, contact Laura Fiene at (415) 616-1555 or Laurie Lavaroni at (415) 616-1556.

The SBA's New Markets Venture Capital Program

What is the New Markets Venture Capital ("NMVC") Program?

The NMVC program was created by legislation passed in December 2000. This program is designed to spur economic development in low income areas by providing access to capital and technical assistance to small businesses that in turn will promote economic revitalization through job creation and wealth creation. Low income communities in the United States face barriers to sustainable growth. A common obstacle is the inability to attract sufficient capital and technical assistance for starting and expanding businesses. The NMVC program is designed to help address these unmet equity needs.

The NMVC program, which is administered by the Small Business Administration ("SBA"), is modeled after the SBA's Small Business Investment Company ("SBIC") program. Under the NMVC program, the SBA will provide financial assistance to NMVC companies in the form of matching investment funds and matching operational assistance funds. NMVC companies will be newly formed, for-profit investment funds with private management. Their objective will be to promote economic development in low income areas and among low income individuals by making equity-like investments in and providing technical assistance to smaller enterprises located in low income geographic areas.

Congress authorized a one time appropriation for the NMVC program which will run from FY 2001 to FY 2006. \$30 million will be provided for technical assistance and a program level of \$150 million in debenture funding. This one time appropriation of \$30 million for technical assistance and program level of \$150 million was funded in FY 2001. While the Bush Administration has proposed in its FY 2002 budget to continue to fund the New Markets Tax Credit program (administered by the Treasury Department), the Administration has not proposed further funding for the SBA's NMVC program. However, final funding decisions for FY 2002, which starts October 1, 2001, will not be made until later this year.

How does the program work?

Individuals interested in forming a NMVC company can apply for this designation by submitting an application to the SBA that provides information about:

- ◆ Their proposed business plan and management team
- ◆ The need for development venture capital investments in the geographic areas in which they intend to invest
- ◆ The extent to which they will concentrate their activities on serving these areas
- ◆ The anticipated impact of their activities on economic opportunities in these areas
- ◆ Their plan for providing operational assistance to their portfolio companies, and
- ◆ Their ability to raise the required minimum investment capital and operational assistance funding

The application form can be found on the SBA website at <http://www.sba.gov/inv>. Applications for 2001 were due by May 29. SBA will evaluate applicants and notify those granted Conditional Approval status by **mid-July**. The names of these entities will be posted on the SBA website.

The conditionally approved NMVC companies must raise a minimum of \$5 million of private capital for investments, and raise a minimum of \$1.5 million in matching resources to be used to provide operational assistance to the smaller businesses in which they invest. The statute creating the NMVC program provides that a conditionally approved applicant may have up to two years to raise its required private capital and grant matching resources. **However, it will be necessary in 2001 for the NMVC companies to raise their grant matching resources by August 15, 2001, and capital by September 14, so that the SBA is able to commit its FY2001 funding by September 30.**

The SBA will provide NMVC companies with matching investment funds in the form of SBA guaranteed deferred payment debentures in amounts up to 150 percent of the total investment capital raised by the NMVC company. The SBA will also provide matching operational assistance grants to be used to provide technical support to portfolio companies.

In terms of oversight, the SBA's role will be similar to the role it plays in the SBIC program. In addition to selecting participants for the NMVC program and providing matching funding, the SBA will regulate their operations, conduct periodic examinations, and require periodic reporting by the companies.

What are the Investment Criteria for a NMVC company?

At least 80 percent of the businesses in which the NMVC company makes investments must:

- ◆ be smaller enterprises-businesses that together with their affiliates have net worth of \$6 million or less and average after-tax income of \$2 million or less for the preceding 2 years (or comply with SBA's size standard based on revenue or employment criteria)
- ◆ receive equity capital investments-common or preferred stock; limited partnership interests; options, warrants or similar equity instruments; or subordinated debt with equity features
- ◆ have their principal office located in a low income area-HUB Zones; Empowerment Zones and Enterprise Communities; and any census tract or equivalent county division that meets certain poverty or income criteria.

In addition, at least 80% of the capital (in total dollars) invested by an NMVC company also must meet these same criteria.

Can a Thrift Invest in a NMVC company?

Yes. As part of the legislation authorizing this program, thrifts and banks were given the authority to invest in NMVC companies. Thrifts can participate in one of two ways. **They can invest capital in the NMVC company, or**

they can donate operational assistance grant matching resources to the NMVC company. These grant matching resources can be in the form of dollars or in-kind assistance (for example, advisory services by banking officers). As an investor, the risk characteristics of investments in NMVC companies will be different from those in SBICs in part because the investment criteria for NMVC companies are different and more targeted geographically. Notwithstanding these differences, investors in NMVC companies still benefit from SBA leverage and oversight. Moreover, the grant funds for operational assistance provide resources to the NMVC company managers that are not available to SBICs. NMVC companies must use these grant funds to provide management, marketing, and other technical assistance to companies in which an NMVC company invests, thereby enhancing the value of that company to the investors. In addition, an investor in the NMVC company may be able to take advantage of the New Markets Tax Credit if the investment meets all of the requirements of the federal tax code (see <http://www.treas.gov/cdfi> for more information.) Like investments in SBICs, investments in NMVC companies may be an eligible qualified investment for CRA purposes ■

For more information, visit SBA's website at <http://www.sba.gov/inv> or contact Austin Belton, Director, New Markets Venture Capital Program at (202) 205-7027.

Upcoming Events and Training Opportunities . . .

July 14-18: Milwaukee, WI. The *National Council of La Raza* will hold its annual meeting. For more information, contact 1-800-311-NCLR.

July 22-26: Cleveland, OH. *National Community Development Lending School*. A five-day intensive training course in community development lending in today's business environment. For information, contact Fred Mendez, Federal Reserve Bank of San Francisco, at 415-974-2722 or visit <http://www.frbsf.org/news/events/index.html>.

July 22-25: Duluth, MN. This summer, the National Rural Development Partnership and the International Community Development Society will combine their annual conferences with the *4th Annual Minnesota Rural Summit*. The theme of the Joint Conference on Community & Rural Development is *The Times They are A-Changing - Working Partnerships for Viable Communities*. For detailed information, visit the Joint Conference website at www.mrs.umn.edu/2001summit; online registration is available.

August 20-24: Washington, DC. Neighborhood Reinvestment Corporation's *National Training Institute*. A comprehensive training series composed of more than 60 courses. For information, call 800-438-5547 or visit www.nw.org/training/.

September 9-12: Philadelphia, PA. *The Council for Urban Economic Development's (CUED) Annual Conference* will be held at the Loews Philadelphia Hotel. Hear national, regional and local experts and leaders discuss the latest trends, tools and strategies for business attraction and retention, workforce development, e-commerce, financing and marketing. Contact Janelle Pletka at 202-223-7181 for more information or visit CUED's website at www.cued.org.

September 17-19: Baltimore, MD. *ABA National Community and Economic Development Conference*. Topics will include single-family and multi-family affordable housing issues; small business development strategies; strategies for community development; small business development strategies; CD securitization and banks and community partnerships. For information, you may call Carmelita Howard at 800-226-5377 or refer to www.aba.com.

September 30-October 3: Cleveland, OH. America's Community Bankers will hold its *National Compliance Conference* at the Renaissance Cleveland Hotel. The conference will offer community bank compliance officers and other participants the latest community bank compliance information on lending, deposit, human resources and other essential subjects. Additional information is available on ACB's website at www.acbankers.org or you may call Michael Riley at 202-857-5583.

October 15-17: Tacoma, WA. The Washington State Housing Finance Commission and Washington State Office of Community Development, in partnership with the Washington Low Income Housing Network and the Blue Mountain Action Council, will co-sponsor *Housing Washington 2001*. The theme of the 9th annual state-wide affordable housing conference is Build on Success. For more information visit the conference website at www.wshfc.org/conf, email: conf@wshfc.org, or call 1-800-767-HOME (4663).

October 16-18: Montgomery, AL. *Investing in the Future: Protecting Elders from Financial Abuse*, is a multi-state conference on elder financial abuse. For information, see <http://www.aces.edu/efa/>. This conference is sponsored by the Cooperative Extension System. State contacts in Alabama, Florida, Georgia, Mississippi and Tennessee are listed on the website. The registration form is available in PDF format.

November 7-9: Washington, DC. The Enterprise Foundation's Annual Network Conference, *Community: A Capital Idea*, will be held at the Marriott Wardman Park Hotel. For more information, please refer to www.enterprisefoundation.org/training/netconf or call 410-772-2418.

Future editions of the Community Liaison will highlight thrift industry community development activities and related issues and regulatory initiatives. We welcome your comments, as well as information about your institution's community development activities. Please contact your regional OTS Community Affairs Liaison, or write to us at our email address: **community@ots.treas.gov**. We look forward to hearing from you.

The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services.